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FEBRUARY 1, 1965

1965 A YEAR OF DECISION FOR U.S. GRAIN ECONOMY

FOREIGN MARKET FOR RICE

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

FEBRUARY 1, 1965
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Rice fields in Indonesia. The Asian countries not only produce the largest share of the world's rice, but import three-fourths of all rice entering world trade. (See rice article on page 5.)

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1965 May Be Year of Decision for the U.S. Grain Economy

Never before have so many problems affecting our grain producers and our trade prospects been so near the center of the stage at the same time.

By JOHN A. SCHNITTKER
Director of Agricultural Economics, USDA

This new year finds grain producers and government confronted with challenges at home and abroad. And never greater was the need for a common understanding of the challenges and for unity in seeking equitable and meaningful solutions.

At home the situation is this:

1. The legislation which has been providing substantial income support to wheat producers expires with the 1965 crop, after 2 years of operation.

2. By August 1 of this year, if new legislation is not enacted to alter the chain of events, a marketing quota referendum must be held under terms of the wheat provisions of the Agricultural Act of 1962. The options in such a referendum could not differ greatly from those offered in 1963, when fewer than half of the participating producers favored marketing quotas.

3. Feed grain legislation also expired with the 1965 crop, and the future of wheat legislation is clearly linked to that affecting feed grains.

Obviously, the domestic picture is laced with uncertainties, and they are compounded by those which mark the world grain trade. On at least five fronts, this is a crucial year of decision for the leading grain exporting countries and for some importing nations.

The five facets of the world grain trade situation now in sharpest focus are:

1. Commercial exports of wheat from the United States may fall to a longtime low. At the current rate, our dollar exports of wheat are headed toward the lowest level in nearly 10 years. Large crops in Europe and in the wheat-exporting nations, coupled with vigorous competitive actions by the major wheat exporters, threaten the position of the United States in the world's cash wheat markets now as well as for the long term.

2. Next July 31 the International Wheat Agreement (IWA) expires. For 15 years, through five agreements, the IWA price range has operated to stabilize world market prices for wheat. At the same time, the International Wheat Council, established under the Agreement, has served admirably as a forum in which to discuss and to mediate the problems which inevitably arise among trading nations. The United States is participating in efforts to extend the International Wheat Agreement, but we are supporting only a 1-year extension—to July 1966. Current domestic wheat legislation also expires when the 1965 crop is marketed, and we cannot know the scope of the obligations we can fulfill for the longer term.

3. In Brussels, the European Economic Community (EEC) has reached an agreement on the level of its common grain prices and has fixed the schedule on which they will become effective. For a year we had anticipated the recently announced decisions. They are very close to the proposals made to member countries of the Community by Commissioner Mansholt in 1963. French and Italian grain producers will receive substantially higher prices by 1967. German prices will decline. We expect that the high prices now assured for grains inside Europe for years ahead—prices nearly double world market values—will materially reduce Europe's level of grain imports unless such an adverse result can be altered by developments in the trade negotiations.

4. In the Kennedy Round of trade negotiations now in progress in Geneva, it is this grain-price decision, and similar decisions on other products, which the EEC appears to offer to the world as "trade concessions," although they would restrict rather than expand trade. Inability to focus on trade liberalization in agricultural products has already set the agricultural phase of the negotiations somewhat behind the industrial talks.

5. As the Developed World watches the trade negotiations, keeps an eye on the EEC price decisions, speculates on the future of the International Wheat Agreement, and competes for too few markets with too much wheat, the Developing World keeps a precarious watch on a particularly sensitive barometer—the per capita supply of calories. In India, in South America, and in other parts of the globe population continues to gain slowly but perceptibly on the food supply. U.S. wheat and U.S. "know-how" may become increasingly important to the world food supply of 1970 and beyond, and to the prospects for political stability in the developing nations.

Domestic and foreign issues coincide

These domestic and foreign problems add up to a total of eight, and the possibility for additions is much more real than any prospect for subtraction.

Never before in modern history have so many problems affecting our grain producers and our trade prospects been so near the center of the stage at the same time. Never before have the calendars of decision on domestic grain programs and on issues affecting the world grain trade coincided as they do this year. This situation offers both a challenge and an opportunity which must not be lost, for domestic policy and foreign trade policy are increasingly interdependent, and the need for consistency grows steadily in importance.

The shape of domestic programs for wheat and feed grains which are put into legislation this year, to go into effect with the 1966 crops, will determine rather directly what kind of obligations we can assume with regard to world trade in grain of all kinds.

This article is based on an address given by Mr. Schnittker, at the 15th Annual Convention of the National Association of Wheat Growers, January 6, Portland, Oregon.

NAAC recommendations considered

The National Agricultural Advisory Commission has recommended continuation of the principles of the current wheat program, and has further recommended that wheat and feed grain programs be linked into a long-term "grain stabilization program." These recommendations are receiving serious consideration.

If the price support and production adjustment programs for grains are not extended, farmers face the prospect of sharply reduced price supports in 1966. Under existing law, feed grain price supports in 1966 would have to be substantially below present levels—perhaps more than a third. Such lower prices in the United States would affect world prices, since the feed-grain price support level in the United States is, in effect, the price support level for the world.

It is difficult to see how world wheat prices would be maintained near present levels if coarse grain prices were to take a sharp drop. But wheat prices are a more complicated question because of the International Wheat Agreement.

Wheat prices may be lower

Whether or not the International Wheat Agreement is continued, we do face the possibility of somewhat lower wheat prices in the years ahead. Under the provisions of the present Agreement, the United States cooperates in the maintenance of prices within an established range. This price range is expressed in terms of Canadian wheat, but is considered to be around $1.15 to $1.55 per bushel for average quality U.S. wheat at the farm.

For the past 2 years, world trading prices have been in the upper half of this range. Only a few years earlier, world wheat prices averaged about 20 cents less per bushel, under an Agreement in which the price range was slightly lower. It should be recognized, however, that the obligation we have assumed to help stabilize wheat prices in the world applies to the entire range of prices sanctioned in the Agreement. Thus, there is considerable latitude for price movement within the present range, and it may be used as world competitive conditions require.

Two questions to be answered

Decisions face us this year on the wisdom of cooperating in maintaining and stabilizing world wheat prices, and on our ability to cooperate with other countries in such an endeavor.

On the first question, we must ask ourselves whether or not it is in the U.S. interest to continue to support world wheat prices at levels which hold a price umbrella over our competitors at a time when our own commercial wheat markets are increasingly found in the dollar-short developing countries. It is clear that other wheat-exporting countries have found it profitable to expand their wheat acreages in response to good prices.

Whether or not other pricing arrangements or other price levels would further our own interest and the interests of the developing countries in the longer run is less clear. But it is being carefully considered.

On the second question—the matter of our ability to help stabilize world prices—we must know the nature of the price support authority which the Congress will enact before we can judge what kind of international commitments we can honor with respect to grains. In the event the Congress does not enact a wheat program, we would look to the outcome of the producer referendum late this year for guidance on the long-run future of U.S. wheat production and trading patterns.

The same questions of world wheat pricing arrangements, which are the heart of the IWA, also arise in the Kennedy Round of trade negotiations. Since July of 1963, a Cereals Group has been meeting occasionally, with a directive from the Ministers of the GATT countries to negotiate arrangements for the world cereals trade. This group has operated under a general mandate to negotiate a significant liberalization of world trade in industrial and agricultural products.

Access to world markets essential

While wheat pricing is the focal point of the IWA, it is only one element in the discussion of the Cereals Group in the Kennedy Round negotiations. Not only world prices, but the terms and conditions of access to world grain markets will determine the level of trade in grains 5 and 10 years ahead. These terms are, in the U.S. view, the crucial element of the cereals negotiations. There are other important questions before the Cereals Group—stability of world supplies, the role and financing of noncommercial sales, and such—but size of market is the essential one.

It should not be surprising to anyone that we are concerned about the level of trade which will follow on the heels of the negotiations. The necessity for focusing on this arises first of all out of the genesis of the trade negotiations—that is, the Trade Expansion Act. The title of the Act sets out the objective of the negotiations. But our own interest in this matter arises also out of the fact that grain price decisions in the EEC, coupled with the operation of the variable levy system, convince us that we face *reduced* trade in grains with EEC countries, *not more* trade. That result is not consistent with the aim of the negotiations.

Preparations are now going forward to continue the negotiations in agricultural and industrial products. It is a time for watchful waiting to see whether or not the world is ready to follow through on the high principles under which the trade negotiations were begun.

Trade with other areas significant

Despite these developments which center on our trade relations with Europe, the most significant developments affecting the U.S. grain economy may not be in Europe at all, but in Asia. Food shortages are beginning to show up at an alarming rate in the less developed regions. India is adding 12 million people per year, and it is not at all certain that it can provide the food for them with its limited land resources. India imported record quantities of grain, mostly wheat, during the year just ended.

Brazil, with a rate of natural increase that doubles its population in less than one generation, will import between 2 million and 3 million tons of wheat this year, much of it from the United States.

For millions in Asia, Africa, and Latin America, the wheat produced on our farms is, quite literally, the difference between life and death. Wheat is the principal weapon in our effort to combat hunger. North America is well on its way to becoming the breadbasket of the world. The terms under which we will provide the world's increasing requirements for food remain to be written. This year may be a turning point also in this arena.

Prospects for U.S. RICE in the FOREIGN MARKET

U.S. rice exports in the August-July marketing year of 1964-65 are expected to match the record 1,385,000 metric tons shipped out in 1963-64. In terms of rough rice, this would be 1,860,000 tons (41 million hundredweight of 100 lb. each).

Both commercial and Public Law 480 sales are forecast to continue strong. Commercial sales during the first half of the marketing year were slightly above those of 1963-64; for the full year, they should be at a high level, though perhaps under the record of 1963-64 when large purchases by Japan and the Soviet Union helped increase the total. Slightly more rice will probably move out under P.L. 480, owing to increased demand from India—largest U.S. market and importer under this program.

As usual, strongest demand is from Asia, which accounts for about three-fourths of all world rice imports annually and which in 1963-64 took over half of all U.S. rice exports. Out of the 12 countries that import more than 100,000 tons of rice annually, 9 are in Asia, and 6 are also among the 8 largest world producers of rice.

Principal importers in 1963-64 in order of volume were Indonesia, Malaysia, India, Japan, Hong Kong, Ceylon, the Philippines, West Germany, the United Kingdom, and Senegal. These countries are expected to need even more rice in the 1964-65 season, despite record crops in many of them and in other areas.

UNITED STATES RICE EXPORTS [1]

Destination	Average 1955-59	1960	1961	1962	1963
	1,000 m. t.	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*	*1,000 m. t.*
W. HEMISPHERE:					
Canada	14.7	10.6	30.5	43.4	45.8
Peru	15.3	1.9	1.5	.8	37.5
Other	[2]194.0	54.1	32.7	78.3	91.5
Total	224.0	66.6	64.7	122.5	174.8
EUROPE:					
EEC	43.2	88.3	128.4	87.0	97.9
Other Western Europe	14.5	35.1	51.3	66.0	64.8
Eastern Europe	.2	.1	20.3	0	83.3
ASIA:					
India	82.1	251.8	144.0	281.3	353.8
Indonesia	92.1	121.4	161.3	254.4	61.7
Japan	22.8	.1	[3]	1.4	105.2
Other	202.7	191.5	169.1	123.5	200.2
Total	399.7	564.8	474.4	660.6	720.9
AFRICA:					
Western Africa	0	5.9	44.6	43.0	93.5
South Africa, Republic of	3.6	44.6	36.5	48.7	56.9
Other	37.9	77.2	122.9	112.7	84.1
Total	41.5	127.7	204.0	204.4	234.5
Oceania and other [4]	59.9	64.9	4.3	6.3	8.9
Total world	783.0	947.5	947.4	1,146.8	1,385.1

[1] Year beginning August 1. [2] Includes 167,000 tons to Cuba. [3] Less than 50 tons. [4] Includes animal feed and relief through 1960-61.

Bureau of the Census.

World production of rice is forecast at 164 million metric tons of rough rice, slightly above the record of 1963-64 but 32 million above the 1954-55/1959-60 average.

World rice acreage in 1964-65, outside Communist areas, is estimated at 225.7 million acres, only slightly more than the 225.5 million of 1963-64 but 21 million larger than acreage harvested in the average period. Weather for rice production in 1964-65 has been generally better than usual, and with continued improvement in per-acre yields, further increases in output are expected.

Asia's 1964-65 crop—88 percent of the Free World total—is forecast at the record 1963-64 level of 144.4 million tons, rough rice. High yields are in prospect again in the principal importing countries here, notably India, Pakistan, Japan, and the Philippine Republic, as well as in such exporters as Thailand, Burma, South Vietnam, Cambodia, and Taiwan.

All other continents have increases in both rice acreage and prospective yields per acre. The largest acreage expansion occurred in Africa, where production is forecast at 10 percent above that of a year earlier.

Europe's 1964 acreage was the largest in 3 years, and crop conditions were above average. In most countries here, high yields per acre resulted in sharp gains in output over last year's poor crops. Pronounced acreage increases occurred in Italy and Greece.

North American production is estimated at 5 percent above that in 1963-64, owing to higher yields in the United States and Central America. In South America where the crop will be harvested mainly in the first half of 1965, per-acre yields should be well above those of 1963-64. That year, crops in Brazil, Colombia, British Guiana, Chile, Surinam, and Uruguay were sharply reduced by adverse weather.

Major exporting nations in these areas outside Asia all have larger crops. The United States and Egypt have record harvests; Italy had the largest production in 3 years, and Australia is expecting a record crop.

U.S. rice production has increased sharply in the last 20 years. The steady rise in output has been due almost entirely to a remarkable increase in yield per acre. Although the 1964 rice acreage harvested last August-November was only 6 percent larger than that in the period immediately after World War II (1945-49), the 1964 crop was more than double that of the same average period.

Despite the sharp increase in production, the United States' 1964 record crop was only a little over 1 percent of the total world annual harvest. Yet, in 1964-65 the United States is expected to be third largest Free World exporter of rice, exceeded only by Thailand and Burma.

U.S. RICE ACREAGE AND PRODUCTION

Year	Acreage		Yield per acre [1]	Production	
	Harvested	Percent of 1945-49		Rough rice	Percent of 1945-49
Average:	*1,000 acres*	*Percent*	*Pounds*	*1,000 metric tons*	*Percent*
1945-49	1,690	--	2,100	1,610	--
1950-54	2,068	+22	2,419	2,269	+41
1955-59	1,547	— 8	3,189	2,238	+39
1960-64	1,703	+ 1	3,737	2,887	+79
Annual:					
1960	1,595	— 6	3,423	2,476	+54
1961	1,589	— 6	3,411	2,458	+53
1962	1,773	+ 5	3,726	2,996	+86
1963	1,771	+ 5	3,968	3,187	+98
1964	1,786	+ 6	4,094	3,316	+106

[1] Rough rice.

Compiled from annual crop summaries, USDA.

Prepared in the Grain and Feed Division of the Foreign Agricultural Service.

Harvesting corn (maize) in the Transvaal Province. This—the most important single crop grown in South Africa—is competitive with U.S. corn in world markets. Nearly 9 million acres are planted in it each year.

Photos courtesy of the South Africa Information Service.

South Africa As a U.S. Farm Market and Competitor

By EDWARD J. BELL
U.S. Agricultural Attaché, Pretoria

The Republic of South Africa figures importantly in U.S. agricultural trade—on one hand as this country's largest dollar market in Africa and, on another, as a major competitor in export markets. Significant growth has occurred in both these areas in recent years and is expected to continue in the future.

Agricultural imports climb

As an import market, South Africa has grown markedly, its purchases from the United States rising to $23.6 million worth in 1963 from $9.1 million worth in 1958. Chief gainers have been U.S. rice, cotton, tallow, hops, naval stores, seed, canned asparagus, wheat (occasionally), and butter (during 1963 and 1964). The government strictly controls these imports, either by limiting purchases to Control Boards (as in the case of wheat) or by import licensing. But because of its huge gold production and export (the latter amounted to $922.6 million in fiscal year ended June 30, 1963), the Republic has ample funds to purchase whatever products it needs, and all are usually bought with hard currency.

Rice consumption in South Africa has been on the increase, owing largely to market promotion work there by the U.S. Rice Export Development Association. The United States, with 84 percent of the market in 1963, has been the major country to profit from this gain, its sales rising to $8.7 million worth in 1963 from $51,000 worth in 1958. More growth is expected in the future; one source says imports will rise by 5,000 tons a year in the next 5 years—about the same rate of increase as from 1963 to 1964.

Only other major exporter of rice to South Africa is Thailand, with less than 7 percent of the market.

Cotton consumption is likewise on the uptrend, but imports from the United States appear to be dropping off in the face of stepped-up competition from Brazil and other competitors. There remains a potential for increasing U.S. cotton exports to that area, however, as textile mills, after allocation of the local crop, have a free choice of overseas suppliers.

Because of drought and other factors, *butter* has been in short supply and imported in large quantities since the latter part of 1963. Most of it—11.0 million pounds out of the 13.5 million imported during October-September 1963-64—has come from the United States, which the Dairy Marketing Board has found to have the preferred quality and best prices available. It is expected that the Republic will import about 17 million pounds during 1965, again mainly from the United States.

Better prospects for U.S. wheat

U.S. *wheat* exports to South Africa in the past were rather sporadic, owing to the Wheat Control Board's tendency to deal with government agencies rather than to buy through commercial channels. In 1963 and 1964, however, the United States was able to make substantial shipments to the Republic, in the latter year accounting for about half—4.2 million bushels under an $8.2-million barter contract—of South Africa's total wheat imports. The U.S. wheat, which was mainly No. 1 Dark Northern Spring for blending with other varieties, seemingly was well received in South Africa, which has stringent wheat import specifications for blending with local wheat.

Now a South African wheat team, which traveled in the United States last summer under the auspices of the Great Plains Wheat Marketing Association, is considering specifications for Hard Red Winter Wheat. If U.S. terms and quality are found to be favorable, the United States may in the future enjoy a more dependable South African wheat market.

The U.S. share of South Africa's *hops* market returned to a higher level (35 percent) in the first 6 months of 1964 after having dropped from 80 percent in 1962 to a mere 28 percent in 1963. Total imports by that country

have been increasing rapidly in recent years, and this gain has helped keep U.S. shipments up, despite the drop in its market share. The principal source for packaged hops is the United States, but imports of bulk hops come mainly from West Germany, Belgium, the United Kingdom, and Eastern Europe.

Each year, South Africa imports about 85 million pounds of *tallow,* on a commercial basis, from about a dozen countries. The U.S. share of this market—although still sizable—has been declining. In 1963, this country accounted for around 24 million pounds of tallow compared with 29 million in 1958. Australia supplied 43 million pounds in 1963 and New Zealand about 15.4 million.

Competition from South African exports

South Africa competes with the United States in exports of corn, fresh and canned deciduous and citrus fruits, pineapple (canned), hides and skins, and to a less extent, peanuts and peanut oil.

South African exports of corn during the 1964-65 marketing year (May 1964-April 1965) are expected to decrease sharply, to about 1 million short tons from 2.7 million in 1963-64 because of a drought-reduced 1964 crop. All of the exportable corn is yellow, and most is reserved for export to Japan. In subsequent years, however, South Africa can be expected to resume larger exports and stiff competition with U.S. suppliers.

A shift in recent years to exporting more yellow corn for use as animal feed is the main reason for that country's growth as a competitor. In the past, most exports were of the white corn, which the United States does not export, but now about 45 percent of them are of the yellow variety. Major buyers of yellow corn are Japan, Italy, and the United Kingdom; the Netherlands, Mexico, and the United Kingdom are currently the largest purchasers of white corn.

Shipments of all types of *citrus fruit*—long among South Africa's chief export products—are estimated at 10 million full cases, mainly oranges, for 1964 compared with 8.5 million in 1963, and they could go much higher in the future.

It has been estimated that if crop conditions are normal, citrus production will increase by about 1 million cases a year for the next 5 years, or from 15 million cases to around 20 million by 1969-70. Some of this increase will go into the production of orange juice and orange juice concentrate—a rapidly growing industry in northern Transvaal. These products are currently being exported to some 30 different countries, and, like the fresh citrus, are marketed mainly in the United Kingdom and Western Europe.

Production of *deciduous fruit,* both fresh and canned, has risen sharply in recent years, and so have exports.

Shipments of the fresh fruit—mainly apples, pears, grapes, and peaches—rose from 137,000 tons in 1962-63 to 165,000 in 1963-64. (Most grapes in South Africa are used for wine production.) The major markets for these products are the United Kingdom and Western Europe. The United States shows up in the reports of the Deciduous Fruit Board also, as a very small importer of South African grapes, pears, and peaches, and Canada is a new but growing market.

South Africa is the world's second largest exporter of canned peaches, and an important one of canned apricots and pears. Most all canned fruit goes to the United Kingdom, where it has a preferential market.

Canned *pineapple* production is also large and exports of it are second only to those of peaches. Dried fruit production and exports are secondary, having shown little significant change in recent years.

South African exports of *mohair* rose to 13.8 million pounds in 1963 from 10.1 million in 1961; major markets have been the United Kingdom, Japan, and Italy. Reported average prices to South African growers during the past several years have been somewhat higher than in the United States. The Republic classes its mohair into 52 different grades so as to meet the demands for specific purposes of overseas processors.

Decline in oilseed exports

A reduced 1964 production of peanuts and sunflowerseed will likely result in a drop in exports of *oil and oilseeds* during the current season because of drought. Exports of crushing peanuts and peanut oil will be off from the high levels of 1963-64, but those of edible confectionery-grade peanuts will be maintained. In 1963, total exports of peanut oil were 22.5 million pounds, of which 12.5 million went to Hong Kong, which also took 7.6 million pounds of South African peanuts.

Fruits are major export products in South Africa. Left to right, fruit being hoisted from precooling unit to ship; wine farmer holds export grapes; harvested pineapples.

Probable Expansion in Malaysian Poultry Output Could Lead to Rise in Country's Grain Imports

Poultry production in Malaysia is beginning to evolve from a backyard operation into a commercial industry —a change that is expected to result in Malaysia's increasing its imports of feed grains.

As a food, poultry has always been popular in the Eastern part of the world; for even though fairly expensive, it has the advantage of being sanctioned by the predominant religions in Malaysia (consumption of pork is prohibited by the Muslims and beef as well as pork, by the Hindus). This popularity has grown rapidly in recent years, as evidenced in the sharp rise in Malaysian imports of frozen poultry meat—from 433 long tons in 1959 to 1,916 in 1963. Imports in the first quarter of 1964 were 349 tons against 303 in the same period of 1963. This rising demand, coupled with the recent introduction of government assistance in disease control and flock management, should make for rapid expansion in commercial production.

The outlook for the industry's growth is especially promising in Singapore, which already produces more poultry meat and eggs than it can consume, and in the Malay States. In Singapore, there is a modern hatchery producing foundation-stock baby chicks—a joint venture of a local firm and a U.S. one. Also, bulk handling and storage facilities for grain are being built there.

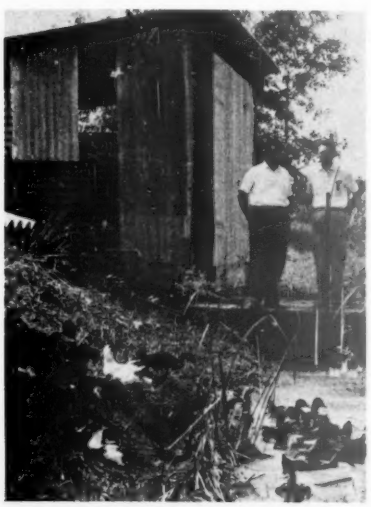
Most of the feeds needed to support this increased production will have to be imported for there is little evidence that emphasis will, or can, be placed on domestic production of such crops in the foreseeable future. Even now, Malaysia produces insufficient quantities of its small requirements. The country's expanding poultry industry, therefore, represents increased marketing opportunities for countries with feed grains for export.

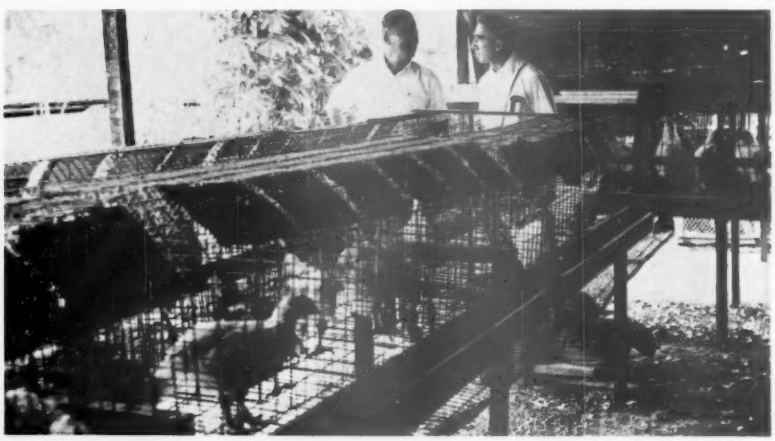
Corn will most likely be imported from Thailand, but the United States can supply feedstuffs, plus breeding stock and equipment.

For those suppliers of poultry meat to Malaysia—notably the United States with 64 percent of the market in 1963 —growth in the domestic industry may eventually result in a slowing of import demand. But for the time being, it appears that Malaysia will remain a viable market for good quality frozen broilers and turkeys.

At the same time, the advances in Malaysia's poultry industry will mean for that country more animal protein in the heavy rice diet as well as increased agricultural diversification.

—LARRY F. DIEHL
Agricultural Attaché, Kuala Lumpur





Attaché visits commercial poultry farm in Malaysia, where both ducks, seen at left, and broilers, below, are produced. Output of the latter amounts to about 500 a day.

USSR Sunflower Acreage, Oil Yield Reported To Be Rising

George E. Wanamaker, Fats and Oils Division, FAS, last fall toured the Soviet Union, along with other USDA commodity specialists. Following are his findings on USSR sunflowerseed production.

On the basis of both press reports and field observations, it appears that the USSR sunflower crop is good and that the country's procurement plan for 1964, set at 3.6 million tons, will be fulfilled. Acreage in 1964 reached a record high of 4.66 million hectares (1 hectare = 2.471 acres), 6 percent above the 4.39 million seeded in 1963, and 1964 sunflowerseed production is currently estimated at a record 4.38 million metric tons.

In recent years, the Soviet Union has had success in improving these yields. The All Union Oilseeds Institute in Krasnodar reports that the average oil content of sunflowers grown in the Soviet Union during 1963 was 47 percent and the average oil outturn, 40.4 percent. By comparison, the reported average for 1934-35 was only 37 percent and the outturn, about 25 percent.

The Institute is working to further improve the oil content, having set a goal of 60-percent content to be achieved in 10 to 15 years. Also, the USSR plans to up oilseed acreage from the current level of 6.0 million hectares to 10 million. Assuming sunflower acreage is increased proportionately, over 7.6 million hectares may be in sunflower by 1970. This would mean a sunflower seed production of about 8.4 million tons (based on 1964 yields), and a possible exportable surplus of 500-750 million pounds.

U.S. Cotton Exports to Japan, Taiwan, India In 1964-65 Analyzed by Marketing Specialist

A recent on-the-spot assessment of U.S. cotton prospects in three major Asian markets shows U.S. sales to No. 1 buyer Japan—though down from last year at this time—may regain some of the lost ground by July 1965, and exports to Taiwan should be up considerably. Shipments to India under P.L. 480, however, may not be as great in 1964-65.

USDA marketing specialist W. Glenn Tussey, just back from a market development trip to these countries and three in Western Europe (*Foreign Agriculture*, Jan. 25), said that the lower U.S. sales to Japan in the first 4 months of the 1964 marketing year —144,000 bales against 370,000 in the 1963 period—resulted from a combination of factors.

Smaller Japanese stocks

In 1963-64 U.S. sales to Japan went on to an impressive 1.3 million bales, but so far this year, the Japanese have been drawing on domestic stocks rather than importing at the normal rate. In addition, world availabilities of cotton — and competition — have been greater this season than last. Heavy purchases by Communist countries last year eased the pressure on U.S. cotton in Japan as well as in the other Free World markets.

The picture for U.S. cotton in Japan, however, may brighten in the months ahead, depending on the "market psychology," as Mr. Tussey calls it. The Japanese will probably replenish stocks when world cotton prices and other conditions of trade appear favorable. Japan this past November made unusually heavy purchases from all sources, 400,000 bales compared with last year's monthly average of 250,000, but December takings were down from the November level.

Encouraging, too, said Mr. Tussey, is the prospect of reduced competition from other world suppliers as the season progresses.

There is also a good possibility of sales of American-Egyptian extra long staple cotton. The United States is the only country holding significant ELS supplies for export; of these stocks 18,000 bales of American-Egyptian and 2,000 bales of former stockpile foreign ELS are being offered for export sale each month at competitive world prices under recent legislation.

While Japan's recent purchase of 60,000 bales of ELS from Egypt will meet needs until next May or June, Mr. Tussey said that importers are interested in July-August shipments of American-Egyptian, provided quality is satisfactory. The industry in the main is unfamiliar with American-Egyptian cotton's performance, as the last purchase of this cotton made by Japan was during the Suez crisis when lower-priced Egyptian extra long staple cotton was not available.

Rising cotton consumption

Mr. Tussey reported that Japan's total consumption of cotton this year may be up 5 percent from the 3.3 million bales used in 1963-64. The textile industry—6.5 million spindles operating—consumed slightly more cotton in the January-September 1964 period than last year, 1.8 million bales compared with 1.7 million.

Carrying implications for cotton utilization is Japan's new "temporary adjustment law" for the textile industry, effective October 1, 1964. Primary purpose of the legislation is to provide a smooth transition during the next 4 years as the industry moves from protected production to free competition. This legislation may help manmade fiber products because of a provision that permits spinners to shift easily from cotton to synthetic fibers or blends on machinery now being used largely for cotton yarn.

Japan, world's second largest producer of manmade fibers, already manufactures about 25 percent more manmades than cotton fabrics, and in 1963

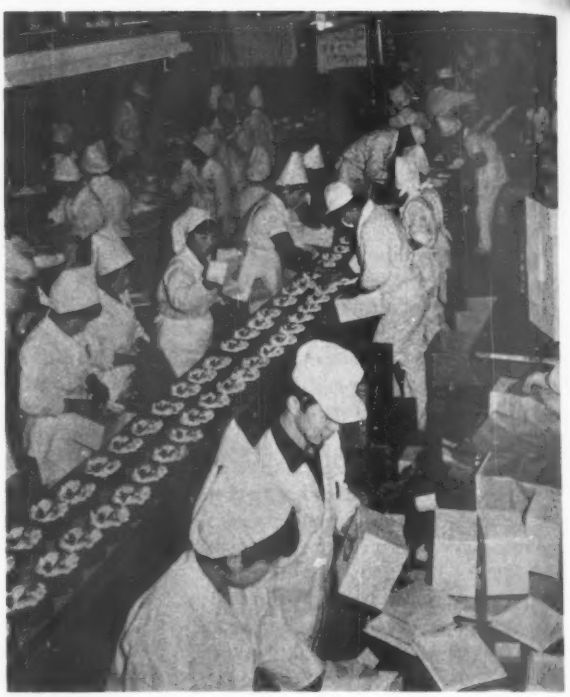
On recent market development trip, Mr. Tussey (standing) meets with Japan Cotton Promotion Institute to review the promotion program. He also assessed U.S. cotton's prospects in Taiwan, India, Italy, Switzerland, Spain, and France.

Sales in Japan of Holiday Cakes Made With U.S. Wheat Set Record

Heavy consumer demand pushed sales of holiday cakes in Japan to record highs during the past Christmas season, according to Wheat Associates, U.S.A. The 16-percent increase in 1964 sales marked the 10th straight year in which sales of the holiday confection—made largely from U.S. wheat—were at least 15 percent higher than the previous year.

Most large confectioners had to double factory and transportation staff in order to handle the big demand for the cakes, most of which are made with U.S. Western White wheat flour. Sales of this type of wheat to Japan for cakes alone last year totaled nearly 5.5 million bushels, with a value of over $10 million, while Japanese purchases of all U.S. wheat during fiscal 1964 were a record 74 million bushels.

The Wheat Associates-FAS market promotion program for wheat foods has been a factor in the emergence of Japan as the United States' principal dollar wheat market. Technical training courses for Japanese confectionery and bakery employees—an important part of the program since 1960—have come in for major emphasis since almost all of Japan's cakes are produced and sold by bakeries.



Assembly-line production of Christmas cakes was necessary in many of Japan's large bakeries during the pre-holiday season to meet record-breaking demand.

alone output grew 15 percent.

At the time of Mr. Tussey's visit, however, manmade fiber products were facing marketing problems as the result of overproduction; the competitive position of some cotton textiles—like toweling and summer wear—has actually improved in recent months.

Bigger exports to Taiwan

U.S. cotton exports to Taiwan—fourth-ranking market in Asia—are expected to be higher in 1964-65 than the 209,000 bales shipped last fiscal year, of which about 40 percent were for dollars—the rest under P.L. 480.

Taiwan in calendar year 1965 expects its imports to reach 350,000 bales and a good deal of this business is expected to go to U.S. shippers of Upland cotton. American-Egyptian, however, has limited prospects, since Taiwan uses but a few thousand bales of ELS annually.

Key factors in the sales outlook are Taiwan's ambitious plans to expand its textile industry, and the flourishing state of the overall economy.

In the near future, as many as 170,000 spindles (100,000 for cotton) will be added, bringing total capacity to 630,000 spindles. Monthly consumption of cotton may be expected to average 30,000 bales in 1965, 5,000 more than it was last year.

Taiwan is becoming a strong contender in world textile markets, and expansion figures big in its drive to up textile exports, which already make up 75 percent of the total value of textile production.

Gold and foreign exchange holdings were valued at $310 million on August 31, 1964, compared with $219 million at the start of the year. Tourism is on the upswing, building construction is active, and agricultural exports are mounting.

India, largest Asian market for U.S. cotton after Japan, is forecasting a 1964-65 cotton crop that is about 4 percent less than last year's 5.2 million bales (480 lb.), at the same time that consumption is expected to increase by 300,000 bales. Nonetheless, U.S. shipments to India under P.L. 480 may be down in 1964-65.

Indian importers of ELS, among the world's biggest users, are interested in receiving American-Egyptian under P.L. 480.

In the past, most of India's ELS has come direct from the Sudan, Peru, and Egypt, but the tight supply situation has affected availabilities from these traditional suppliers. Whether Egypt moves to make good on "suspended" Giza 45 sales to India will affect American-Egyptian prospects, as will the provision by U.S. shippers of types and samples for testing at an early date. It is felt American-Egyptian may be ideally suited to making *dhotis*, the national Indian garment for men.

Amidst India's troubled economy, the textile industry seems to be faring relatively well. More and more Indians are investing in textiles as a hedge against inflation, a pressing problem.

U.S. Feeder Cattle to Italy

The latest shipment of U.S. feeder cattle—nearly 900 head—are due to arrive in Genoa, Italy, this week after a voyage from Corpus Christi, Texas.

This shipment brings to about 6,000 head the total number of animals exported to Italy since a joint industry-government beef export promotion was begun early last year. The animals in the current shipment were bought and shipped by a private Italian shipper for feeding by Italian farmers.

In the 500-700 pound weight range, and graded Good, the cattle will be fed for about 200 days in Italy. They are expected to gain about 400 or more pounds during this feeding period, according to U.S. Department of Agriculture livestock experts.

Paraguay Sets Export Slaughter Quota

The National Economic Coordinating Council has set the 1965 export slaughter quota at 195,000 head of cattle for the processing season, February 1-July 31, 1965. No individual company quotas or quotas for canned and frozen meat are established.

Although the industry had hoped for a moderately higher total kill, it should operate favorably for another year. Last year's quota was originally set at 150,000 head but was later increased to 180,000. There are three large export-slaughterers and another small exporter operating in Paraguay.

Two of the larger firms plan modernization of their plants to conform with British and American standards. One plant has a projected plant expansion for the export of frozen beef which will cost about $500,000.

Paraguay has been exporting canned beef to the United Kingdom and the United States and some frozen beef to Italy. Frozen meat from Paraguay is not permitted entry by the United States because of the presence of foot-and-mouth disease.

A cattlemen's cooperative has planned construction of a slaughter and packing plant in Villarrica. Initial capacity of this plant is to be 100 head per day. This development may make it possible to export beef to Brazil, which, along with Argentina, granted Paraguay meat-export concessions at the recent LAFTA conference. Brazil has freed Paraguayan meat from all customs taxes, and Argentina has reduced customs taxes on all types of meat from Paraguay to 1.8 percent ad valorem.

EEC Commission Recommends Larger 1965 Pig Crop

The EEC Commission has recommended that European farmers increase farrowings this spring to supply the demand for pork in December 1965-March 1966.

High hog prices last winter led to a sharp expansion in breeding herds, in the number farrowing in the spring of 1964, and in the number of hogs for slaughter during December 1964-March 1965. It is feared that the large supplies now coming to market will depress prices, which may reach bottom in the spring of 1965. The current expectation is for a rather substantial rise in pork prices in late 1965 and early 1966, assuming some cutback in 1965 spring farrowings.

Canadian Wool and Lamb Subsidy Announced

Canada's Agricultural Stabilization Board has announced that the 1964-65 price support programs for wool and lambs will remain unchanged from the previous year.

Wool is again to be supported at 56 cents per pound, farm basis. If payment is necessary, producers will be paid the difference between the average price received and the floor price. In 1963-64, a payment of 13 cents per pound was required to bring the average price received up to the support level.

Lamb will again be supported at $17.58 per 100 pounds, live weight. The support price will be applied only to Choice and Good grades producing 36-56 pound carcasses.

In 1963-64, the national average price was above the support level for lamb, and no payment was necessary. However, the quality premium of $1.87 was paid on Choice and Good grade lambs in the carcass weight range of 36-56 pounds. The quality premium will again be paid this year.

Greek Currant Pack Estimate Reduced

Greece's 1964 currant pack is now estimated at 83,000 short tons—slightly less than the 85,000-ton 1963 pack and far short of the 1958-62 average crop of 102,400 tons. If the present estimate proves accurate, this would be the smallest crop since 1955. The serious downy mildew attack in 1963 was reported to be the main cause of the small 1964 crop.

Exports during the year beginning September 1, 1964, are forecast at about 60,000 tons or about 10 percent below 1963-64 exports of 66,900 tons. Exports have averaged 72,500 tons (1958-62).

Israel's Output of Tobacco Products Up

Output of tobacco products in Israel during the first half of 1964 totaled 3.2 million pounds—up 2.1 percent from the 3.1 million produced in the same 1963 period. The percentage rise in the combined production of cigars, pipe tobacco, tombac, and snuff was greater than that for cigarettes, even though the latter accounts for about 95 percent of total production.

Cigarette output, at 3.04 million pounds, was up 1.2 percent from the 3.01 million of January-June 1963, whereas the combined production of the other products was up 2.4 percent. Cigars and pipe tobacco showed the largest increases—58 and 41 percent, respectively, over the January-June 1963 period.

Ontario's Flue-cured Sales Continue Brisk

Flue-cured auction sales in Ontario, Canada, continued briskly following reopening of the markets after the holiday season.

A new record for daily auction prices of 61.9 Canadian cents per pound was set on January 4 and an all-time daily high of 2,409,486 pounds occurred on January 6. Sales for the week ended January 8 amounted to 11.8 million pounds, at an average price of 61.8 Canadian cents per pound. This weekly average price compares with 60.9 cents for the week ended December 18, 1964, and 59.5 for the week ended December 11, 1964.

Cumulative sales through January 8, 1965, of the 1964 Ontario crop totaled 65.8 million pounds, at an average price of 59.2 Canadian cents per pound. Slightly over one-half of the crop has been sold.

Sales of the 1961 and 1962 crops of no-sale tobaccos held by the Board now amount to about 15.3 million pounds, thus leaving slightly less than 8 million to be disposed of out of the original surplus pack of about 23 million (redried weight basis). Unofficial reports indicate that about 140,000 pounds remain to be sold from the original 1961 pack of about 7 million, and 7.5 million is left from the original 1962 pack of about 16 million.

Mexican Molasses Production Rises

Mexican production of noncrystallizable (blackstrap) molasses from the 1964-65 crop is estimated by the Ministry of Industry and Commerce at 854,585 metric tons (160 mil. gal.). This compares with 726,734 metric tons (136 mil. gal.) for 1963-64.

The Ministry has determined that the distribution of such molasses and the maximum production volumes of the various types of alcohol during the fiscal 1965 shall be as follows: (1) For domestic processing, except alcohol distillation, 130,000 metric tons; (2) for the production of alcoholic distillates, excluding alcohols to be denatured, 183,520 tons; (3) for the manufacture of 14,200,000 liters of alcohol at 15°C., to be denatured, 56,800 tons.

Mexico's 1963 exports of molasses amounted to 86.8 million gallons and went mainly to the United States.

Yugoslavia May Produce Less Sugar

Sugarbeet production in Yugoslavia in 1965 (1965-66 crop) may be much below the 1964-65 crop, from which 360,000 short tons of sugar, raw value, is estimated to have been produced. Other crops are reported to be more profitable and farmers are expected to shift to production of sunflowerseed and corn.

Acreage planted to sugarbeets in 1965 may be 10 to 15 percent below the previous year. If this is the case, import requirements would increase accordingly and could possibly reach 165,000 short tons.

India To Have More Sugar Co-ops

The Indian Government reportedly intends to license production of an additional 800,000 tons of sugar, mainly to the cooperatives.

This will help continue the rapid development of recent years in the cooperative sector, which now provides nearly 23 percent of all sugar produced in India and accounts for 54 of the 70 factories built since the beginning of the First Five Year Plan in 1951. Of the new cooperative factories, 45 were established by 1963-64. (In addition to the new factories, 120 have been expanded.)

Capital for establishment of the co-op factories is being furnished by the government and other agencies.

Indian sugar production has improved under the Five Year Plans, rising from 1.6 million tons produced under the First Plan to 3.6 million by the end of the Third.

Western Hemisphere Tung Oil Supplies To Increase

Total tung oil supplies in the Western Hemisphere are expected to rise during 1964-65, reflecting increased U.S. production and stocks.

U.S. supplies of tung oil in 1964-65 are forecast at 51.0 million pounds, compared with only 27.4 million in 1963-64. They are significantly larger than 1964-65 domestic consumption, which is forecast at 36.0 million pounds.

Outturn of tung oil in the United States is estimated to increase to 30 million pounds from 20.6 million in 1963-64, this gain more than offsetting reduced production in Argentina, Paraguay, and Brazil.

U.S. beginning stocks were also up sharply, to 21 million from 6.8 million, mainly because of a rise in imports during 1963-64. U.S. imports during that season totaled 29.5 million pounds against 20.3 million in 1962-63. These came mainly from Argentina and Paraguay and reflected a decline in world prices to levels below the U.S. support price of 24.0 U.S. cents per pound.

The Hemisphere's net exports, largely from Argentina and Paraguay, which increased sharply in 1963-64 from the preceding year, may decline somewhat in 1964-65. An offsetting increase forecast for U.S. consumption is expected to cause total requirements (distribution excluding stocks) for the Western Hemisphere to approximate those of 1963-64.

Production in 1964-65, as in 1963-64, is expected to exceed total requirements by a significant margin, excluding an allowance for carryover stocks. This represents a reversal of the situation in 1958-59/1962-63, when Western Hemisphere requirements exceeded production. The deficit situation of that period resulted from a decline in tung oil shipments from Mainland China which increased prices in and exports to West European markets. After an extended period of high prices, consumers have resorted to the use of substitutes which have to some extent reduced market outlets for tung oil.

Recent increases in tung oil prices probably reflect reports of considerable frost damage during September 1964 in Argentina and Paraguay to the bloom, which is the basis of the nut crop that will be harvested in April-June. This frost damage is estimated to have cut the prospective production of nuts in Argentina and Paraguay by 30 percent and 20 percent, respectively, which will, in turn, result in a smaller 1965-66 oil production.

WESTERN HEMISPHERE SUPPLIES AND REQUIREMENTS OF TUNG OIL

Supply and distribution	Estimated				Forecast
	1960-61	1961-62	1962-63	1963-64	1964-65
SUPPLY	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
Stocks:					
United States (Nov. 1)	[1]37.3	8.2	12.5	6.8	21.0
Argentina (Aug. 1)	11.0	19.0	8.4	7.4	2.4
Paraguay (Aug. 1)	--	1.1	--	1.2	.1
Total	48.3	28.3	20.9	15.4	23.5
Production:					
United States (Nov.-Oct.)	13.0	33.3	7.6	20.6	30.0
Argentina (Aug.-July)	47.5	27.2	34.8	39.8	35.8
Paraguay (Aug.-July)	10.1	7.1	8.6	14.3	9.5
Brazil[2] (Oct.-Sept.)	1.0	1.9	3.3	2.5	2.2
Total	71.6	69.5	54.3	77.2	77.5
Total supply	119.9	97.8	75.2	92.6	101.0
DISTRIBUTION					
Domestic distribution:					
United States[3]	41.5	35.9	31.2	34.0	36.0
Argentina, Paraguay, and Brazil	3.0	3.0	3.0	3.0	3.0
Total	44.5	38.9	34.2	37.0	39.0
Net exports[4]	47.1	38.0	25.6	32.1	30.0
Total requirements[5]	91.6	76.9	59.8	69.1	69.0

[1] May include more than 4 million pounds sold by CCC for export but not shipped November 1, 1960. [2] Exports only. [3] Factory consumption data used for years in which reported factory consumption exceeds domestic disappearance. [4] Producing countries only. Net exports include shipments to other Western Hemisphere countries. [5] Total distribution excluding carryout stocks.

Official and other sources.

Morocco Exports Less Olive Oil

Exports of olive oil from Morocco during January-November 1964 totaled only 2,418 metric tons compared with 8,335 in 1963. This marked decline reflects the reduced outturn of 1963-64.

Major destinations for exports, together with their respective quantities in the 1964 period, were Italy 1,325 tons, Hungary 554, and France 530.

Turkish Olive Oil Production and Exports

The 1964-65 edible olive oil outturn in Turkey is now estimated at 100,000 metric tons, compared with the 90,000 tons forecast in the December 1964 issue of *World Agricultural Production and Trade: Statistical Report*. This year's outturn will thus exceed the 1954-55/1957-58 average by about three-fifths and will be substantially above the outturn for 1963-64 and 1962-63 of 65,000 and 50,000 tons, respectively.

It is estimated that Turkish olive oil stocks on November 1, 1964, were about 20,000 tons. Thus, the current production estimate of 100,000 tons minus domestic consumption of possibly 50,000 or 60,000 tons would leave an exportable surplus of between 60,000 and 70,000 tons.

Turkish olive oil exports in the 1963-64 marketing year, beginning November 1, were considerably smaller than in either 1962-63 or 1961-62. The decline primarily reflected the generally large supplies of olive oil in the Mediterranean Basin countries and the consequent low prices for olive oil in world markets last year.

Exports of olive oil from Turkey in 1964-65 are expected to rise sharply over 1963-64, reflecting higher prices and increased exportable supplies. During November 1964, Turkey exported about 70 percent of the volume shipped out in the entire 1963-64 marketing year. Traditionally most of these exports have moved to Italy.

TURKEY'S OLIVE OIL EXPORTS

Country of destination	Year beginning November 1			November only
	1961-62	1962-63	1963-64	1964-65
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Germany, West	200	50	---	---
United States	1,108	420	344	110
France	300	694	---	---
Switzerland	10	200	319	---
Italy	19,694	17,529	1,239	1,245
Kuwait	10	61	87	---
Lebanon	5	50	---	---
Syria	---	500	---	---
Jordan	---	---	67	---
Others	5	29	15	100
Total	21,332	19,533	2,071	1,455

Turkish Institute of Statistics, Izmir.

U.S. Exports of Soybeans, Edible Oils, Cakes, Meals

Soybean exports in November from the United States totaled 27.4 million bushels compared with the record 29.5 million in October. Strong demand was intensified by anticipation of the dock strike which began in December.

Exports of *edible oils* (soybean and cottonseed) in November, at 139.9 million pounds, were somewhat below the revised Census figure of 145.3 million exported in October. This includes 39.5 million pounds of soybean oil, largely to Spain, which was not originally reported. Soybean oil exports accounted for 80 percent of the aggregate total in October-November compared with 72 percent in the same period a year ago.

November *cake and meal* exports, which totaled 271,800 short tons, were sharply above the 179,800 tons of the previous month and exceeded the previous monthly record of 201,800 tons in March 1963.

In both fiscal years 1962-63 and 1963-64, soybeans and products, in aggregate, ranked as the No. 1 dollar earner of all U.S. agricultural exports.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item	November		October-November	
	1963[1]	1964[1]	1963-64[1]	1964-65[1]
SOYBEANS				
Japan ---mil. bu.	5.4	6.3	9.6	11.8
Canada ---do---	1.6	3.5	6.3	9.7
Netherlands ---do---	2.0	4.0	5.1	8.6
Germany, W. ---do---	3.1	2.7	5.4	7.4
Denmark ---do---	2.7	1.6	4.4	3.8
Others ---do---	6.5	9.3	10.2	15.6
Total ---do---	21.3	27.4	41.0	56.9
Oil equiv. ---mil. pounds	233.4	300.6	450.7	624.6
Meal equiv. ---1,000 tons	499.4	643.4	964.6	1,336.8
EDIBLE OILS				
Soybean:[2]				
Spain ---mil. pounds	--	47.0	--	80.1
Turkey ---do---	8.2	3.3	31.7	33.8
Greece ---do---	--	15.4	--	22.0
Pakistan ---do---	2.0	13.9	26.5	13.9
Iran ---do---	2.9	5.7	7.3	11.9
Hong Kong ---do---	5.8	4.4	7.7	10.1
Morocco ---do---	7.3	8.9	17.7	8.9
China (Taiwan) ---do---	--	--	--	7.1
Israel ---do---	1.3	3.5	3.9	5.7
Others ---do---	14.6	15.7	47.0	34.6
Total soybean ---do---	42.1	117.8	141.8	228.1
Cottonseed:[2]				
Germany, W. ---mil. pound	14.9	2.4	27.5	14.1
Turkey ---do---	--	--	--	8.0
Canada ---do---	3.6	4.5	6.4	7.7
United Kingdom ---do---	--	5.2	--	5.2
Vietnam ---do---	.8	2.2	.8	4.4
Venezuela ---do---	1.5	1.4	4.1	3.0
Brazil ---do---	--	--	--	2.6
Others ---do---	10.2	6.4	17.4	12.1
Total cottonseed ---do---	31.0	22.1	56.2	57.1
Total oils ---do---	73.1	139.9	198.0	285.2
CAKES AND MEALS				
Soybean:				
Netherlands ---1,000 tons	13.4	35.9	29.8	57.4
France ---do---	27.1	32.6	43.9	56.5
Canada ---do---	26.7	27.6	45.6	53.3
Germany, W. ---do---	9.4	28.7	19.5	50.2
Belgium ---do---	11.9	19.6	16.4	33.4
Yugoslavia ---do---	--	32.6	--	32.6
Spain ---do---	10.0	9.3	21.1	22.8
Denmark ---do---	13.9	12.0	21.1	21.5
Italy ---do---	11.8	6.9	14.0	21.3
Others ---do---	30.1	31.5	35.4	42.3
Total ---do---	154.3	236.7	246.8	391.3
Cottonseed ---do---	3.8	28.1	18.5	40.9
Linseed ---do---	13.5	7.0	15.8	19.4
Total cakes and meals[3] ---do---	171.6	271.8	281.2	451.6

[1] Preliminary. [2] Includes Title I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening exported under Title II and foreign donations under Title III. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3] Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

U.S. Exports of Wheat and Flour Slightly Higher

U.S. exports of wheat and flour (grain equivalent) between July 1 and November 30, 1964, were slightly higher than those for the same period last year, but they are by no means following the same sharp upward curve which has been evidenced for the past year.

By July-November 1963, U.S. exports were already 43 percent higher than in the previous year, or the largest since World War II. Total exports for the current July-November period amounted to 315 million bushels, or less than 2 percent over those in July-November 1963.

This failure of exports to rise materially is due, in part, to Western Europe's decreasing need for wheat. A near-record harvest of wheat was reported in all countries of Western Europe, except Portugal and Spain, with particular gains in France, Greece, the United Kingdom, and Italy. Consequently, exports of wheat and flour to this area, which amounted to 45 million bushels in the first 5 months of fiscal 1964, totaled only 17 million bushels during the first 5 months of this fiscal year.

A detailed table and analysis appeared in the January issue of *World Agricultural Production and Trade: Statistical Report.*

Canadian Exports of Barley and Oats Increase

Exports of Canadian barley and oats totaled 258,000 metric tons during July-October 1964—27 percent greater than the 203,000 tons shipped during the same 1963 period.

Accounting for this increase were the larger barley shipments which totaled 238,000 tons compared with 144,000 last year. The largest markets for this grain were the United States, Communist China, and Japan. Oats, on the other hand, showed a decrease of 67 percent, to 20,000 metric tons from 59,000.

A detailed table and analysis appeared in the *World Agricultural Production and Trade: Statistical Report.*

U.S. Feed Grain Exports Rise 17 Percent

U.S. exports of feed grains during July-November 1964, at 7.2 million metric tons, were 17 percent higher than the 6.1 million for July-November 1963.

All feed grains, except oats, report increases, and biggest export was corn, accounting for 31 percent of total shipments. Helping to bring about the gains were substantially larger imports by the United Kingdom and Japan.

A detailed table and analysis appeared in the January issue of *World Agricultural Production and Trade: Statistical Report.*

Argentine Grain Exports Up 88 Percent

Argentine grain exports for July-August 1964 increased 88 percent over those of the same period a year ago. Production of all grains for the 1963 crop was high, and subsequent exports of all of them were up from the previous year. Corn and wheat, the leading grains shipped out, accounted for 47 and 31 percent, respectively, of the total exports.

A detailed table and analysis appeared in the January issue of the *World Agricultural Production and Trade: Statistical Report.*

Canadian Wheat and Flour Exports Climb

Canada exported over 199 million bushels of wheat and flour between July 1 and October 31, 1964—an increase of 24 percent over the amount exported during the same 1963 period.

Over 63 percent, or 126 million bushels, of these shipments went to European countries. East European countries took 71 million bushels, or 57 percent, of this amount. Czechoslovakia imported 10 times more Canadian wheat and flour in the first 4 months of this fiscal year than it did in the same period last year. Shipments to Poland more than doubled, and East Germany—not a market last year—has taken over 5 million bushels to date this year.

A detailed table and analysis appears in the January issue of *World Agricultural Production and Trade: Statistical Report.*

Drop in Argentine Output of Small Feed Grains

The first official estimates for 1964-65 production of oats, barley, and rye in Argentina indicate a decrease of 14 percent for the three crops. This decline was expected, since plantings for the grains were off by about 19 percent.

The 1964-65 estimate places oats production at 730,000 metric tons compared with the final estimate for 1963-64 of 906,000. Barley output is set at 740,000 tons against 1,020,000, and rye, 640,000 against 540,000.

Brazil Increases Prices Paid to Bean Producers

The Brazilian Government on December 18, 1964, increased the minimum price paid to bean producers to Cr$8,700 per bag of 60 kilograms, or the equivalent of US$4.08 per hundredweight. This was 4 percent above the previous price of US$3.91 per hundredweight, which had been set only 4 months earlier.

Brazil's bean production has increased by 35 percent in the last decade, from an average of 29 million bags in 1950-54 to 39 million in 1963-64. Yet it has failed to keep pace with population, estimated to have risen 43 percent from 55 million to 79 million.

Brazil's foreign trade in beans is almost nil, and total annual domestic disappearance of beans in Brazil has declined from an average of approximately 53 pounds per person per year in 1950-54 to 49 pounds in 1963-64.

Netherlands Cotton Consumption Firm

The Netherlands cotton textile industry is currently quite active, in contrast with the situation in several other West European countries. However, a labor shortage and a prospective general wage increase may have some dampening effect on industry activity later in the season.

Consumption of raw cotton in the Netherlands in 1964-65 is expected to equal and possibly exceed the 353,000 bales (480 lb. net) consumed in 1963-64. Consumption during August-October 1964 exceeded the 85,000 bales consumed in the same period a year earlier by about 5,000 bales. Cotton yarn production in the first 10 months of calendar 1964 was reportedly up 6.2 percent from the same 1963 period.

Imports of raw cotton in August-October 1964, at 75,000 bales, were equal to those of a year earlier. Imports from the United States totaled 7,000 bales, compared with 13,000. Peru and Pakistan entered the market with sizable quantities.

Total imports during the current season are estimated at 350,000 bales, 11 percent below the 393,000 imported in 1963-64. Imports from the United States in 1963-64 amounted to 117,000 bales, 50 percent above the 1962-63 figure.

Quantities imported from principal sources other than the United States in the full 1963-64 season, with comparable 1962-63 figures in parentheses, and in 1,000 bales, were Brazil 78 (68), Peru 31 (29), Nigeria 30 (24), Nicaragua 21 (14), Greece 19 (6), Turkey 15 (15), Syria 13 (10), Argentina 10 (4), Uganda and Kenya 7 (15), Mexico 7 (33), Congo 6 (8), Egypt 5 (2), and Iran 5 (3).

Stocks are currently being pulled down, and ending stocks on July 31 are expected to be no greater than 110,000 bales compared with 125,000 last August 1.

Outlook Brightens in U.K. Cotton Industry

Cotton textile activity in the United Kingdom has been well maintained thus far in the 1964-65 season (August-July) near last season's high level. Consumption in 1963-64 amounted to 1,055,000 bales (480 lb. net), 3 percent above usage in 1962-63, and it could reach 1,100,000 bales during the current season. Highlighting the 1963-64 season was an increase in imports of raw cotton from the United States, to 305,000 bales from 165,000 in 1962-63.

Despite these favorable conditions, the industry has suffered from sizable imports of cotton textiles and a sharp decline in exports of finished cotton goods. Domestic demand is well maintained, but there is little export inquiry for textiles at the present time, and spinners and weavers hold substantial forward orders.

Although some temporary relief has been provided by the imposition of a 15-percent surcharge on all imports except certain food and agricultural products, a continuing lack of export inquiry could result in a further buildup of textile supplies in excess of offtake.

Total imports of unfinished grey cloth in January-October 1964 amounted to 535.9 million square yards, 31 percent above those of a year earlier. Most of the increase was accounted for by India, Communist China, Japan, and Canada.

Imports of finished cotton fabrics amounted to 134.8 million square yards in the period under review—about 8 percent above a year earlier. Exports of cotton cloth fell 7 percent to 172.6 million square yards from 185.6 million.

Total imports of raw cotton during August-October 1964 amounted to 193,000 bales, down 20 percent from the 242,000 bales imported in the same period last season. However, takings of U.S. cotton increased to an estimated 50,000 bales from 41,000 in August-October 1963. A decline in total imports is expected in view of the high stock buildup last season. The ending stock figure of 434,000 bales last July 31 was 65 percent above the beginning figure of 263,000 on August 1, 1963.

Quantities imported from principal sources other than the United States during the August-October period, with comparable 1962-63 figures in parentheses, and in 1,000 bales, were Brazil 24 (22), Peru 18 (26), Sudan 16 (27), Pakistan 12 (6), Turkey 12 (17), Mexico 12 (17), Aden 6 (6), the USSR 5 (1), Chad 5 (2), and Spain 5 (18).

Danes Export More Cheese, Less Butter

Denmark's exports of cheese in January-November 1964, totaling 168 million pounds, were up 4 percent over those in the same period of 1963.

Sales to West Germany, the principal market, increased 12 percent to 89 million pounds, while those to the United Kingdom, the second market, decreased 9 percent to 19 million. Shipments to Italy at 10 million pounds, were also lighter than those a year ago.

Exports to the Soviet Union were considerably higher—7 million pounds, compared with 4 million in January-November 1963. Somewhat larger sales were also made to Sweden and Austria.

Exports of butter declined 2 percent to 209 million pounds. Shipments to the United Kingdom at 188 million pounds, were 1 million pounds less than those in 1963, and sales to West Germany and Italy were considerably less. Switzerland became an important market during 1964 with the purchase of 8 million pounds of butter, against 220,000 in 1963.

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Canadian Grain Exports Mark Up New Record for 1963-64

In its annual review, the Canadian Board of Grain Commissioners reported that Canada exported a record 614.9 million bushels of wheat, oats, barley, rye, and flaxseed during the 1963-64 crop year that ended last July 31. This represented an increase of nearly 90 million bushels of wheat and coarse grains over the previous high of about 525.8 million bushels recorded in 1952-53, and more than doubled the long-term 30-year average figure of 290.3 million bushels.

Wheat flour exports of 54.9 million bushels were the highest in 10 years but were 25 million bushels short of the record set in 1946-47. However, the bulk wheat total of 536.7 million bushels was 51 percent greater than the previous mark established in 1928-29. The other leading grains failed to break existing records.

Unprecedented Soviet purchases of 212 million bushels, some of which were diverted to other Communist countries, accounted for about 40 percent of Canada's wheat exports in 1963-64. Wheat clearances to European Communist countries made up 46.3 percent of the record shipments, while Commonwealth countries took 16.5 percent, and member nations of the European Economic Community about 12 percent.

Importing countries which, like the Soviet Union, were not recorded as markets for Canadian wheat in 1962-63, were Portugal, Albania, Bulgaria, East Germany, Burma, South Korea, Cuba, and Panama. Wheat flour in the quantities of 21.8 million bushels and 7.0 million bushels went to the USSR and Cuba, respectively, in the 1963-64 marketing year, although neither had been destinations in the preceding season.

Canadian wheat exports for 1964-65 continue strong but below the 1963-64 rate. Cumulative exports from August 1 to December 1964 are reported at 158.5 million bushels compared with 202.1 million for a similar period in 1963. With a continuation of this rate, wheat exports would approximate 475 million bushels for 1964-65.

CANADIAN EXPORTS OF GRAIN AND WHEAT FLOUR

Item	1963-64	1962-63	Average 1933-34 to 1962-63
	Mil. bu.	*Mil. bu.*	*Mil. bu.*
Wheat	536.7	300.1	219.2
Flour	54.9	27.6	42.0
Oats	17.5	20.6	24.8
Barley	41.5	10.5	35.2
Rye	5.5	7.3	5.6
Flaxseed	13.6	12.6	5.5
Total	669.7	378.7	332.3

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